

Exhibit E

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Children's Television Obligations)	
Of Digital Television Broadcasters)	MM Docket No. 00-167
)	

DECLARATION OF KRISTEN GRAY

1. My name is Kristen Gray. I am Assistant General Counsel of 4Kids Entertainment, Inc ("4Kids"). The purpose of this Declaration is to support the petitioners' request for an extension or stay of the effective date of the Commission's new children television rules until the 4Kids Petition and all other pending petitions for reconsiderations are finally decided.

2. 4Kids is a small public company that is trying to compete in the children's television marketplace. By arrangement with the Fox Network, 4Kids is responsible for a four-hour block on Saturday mornings, during which children's programs produced or licensed by 4Kids are broadcast. 4Kids manages the programming schedule and sells the national commercial units in the block, which is called "4Kids TV." Currently, only one half hour of the four-hour 4Kids TV block consists of "core" E/I programming.

3. The Commission's decision in the Order to expand the definition of "commercial matter" to include promotions of television programs or video services other than children's educational and informational programming will materially harm 4Kids' ability to compete in the business of producing and broadcasting children's television

programs. The revision of the definition of “commercial matter” will be also be counterproductive with respect to the Commission’s goal of increasing the audience for E/I programming.

4. The revised definition of “commercial matter” severely curtails, if not eliminates, the key tool with which 4Kids promotes its 4Kids TV line-up of children’s programs: promotional announcements and tune-in information broadcast during the 4Kids TV block. Children are unlikely to consult television listings, whether they appear in an on-screen or a print guide. The most effective way to inform children about upcoming programs or special programming events is during the programs that are targeted to children. The expanded definition of “commercial matter” effectively deprives over-the-air broadcasters (“Broadcasters”) of this most effective promotional tool by forcing them to choose between using some of the already limited number of advertising spots allowed by the Children’s Television Act for promotional messages or foregoing on-air promotion during children’s programs.

5. If Broadcasters cannot promote their non-E/I children’s programs, they will continue to lose viewers to the ever more dominant children’s cable channels (“Kids Cable Channels”). Since Kids Cable Channels provide programming for children on a continuing 24/7 basis, they are “destination channels” for children, not dependent on particular program schedules and, therefore, far less dependent on promotional spots to attract and retain their audiences. The Kids Cable Channels, with their many hours of children’s programming and large inventory of commercial spots, will also find it easier to use some of that commercial inventory for promotional spots for their non-E/I children’s programs. If Broadcasters cannot use promotional spots to keep children tuned in during the few hours per week that children’s

programming is offered on the typical TV station, the end result will likely be that fewer children will watch the E/I Programming that only Broadcasters are required to broadcast.

6. The revised definition of “commercial matter” will also harm 4Kids by reducing ad revenues and/or increasing production costs. Ad revenues will not only decline if the 4Kids’ programming block on the Fox Network loses viewers to the Kids Cable Channels. If 4Kids uses a portion of the limited commercial time on 4Kids TV to promote non-E/I programming, advertising revenues will be also be reduced because 4Kids will have fewer advertising spots to sell. If 4Kids promotes its non-E/I Programming in other media by buying commercial time, 4Kids will be at a dual disadvantage. First, 4Kids’ advertising and promotion costs will escalate dramatically. Second, the advertising spots will likely not be effective since non-Fox stations will not be willing to allow 4Kids to promote the time, date and competing station on which the 4Kids TV program is being broadcast. Advertising purchased on Fox affiliates where time, date and station could be broadcast, is not a viable option since the Fox affiliates broadcast programs that are not targeted to children, the spots on Fox affiliates are, therefore, unlikely to reach the appropriate audience.

7. The expanded definition of commercial matter will also cause a significant increase in 4Kids’ production costs. Currently, each episode of children’s programming in the 4Kids TV block is approximately twenty-one minutes in length, so in one hour of 4Kids TV, the running time of the two “half-hour” shows totals about forty-two minutes. The Children’s Television Act limits the number of commercials per clock hour on Saturday mornings to ten and one half minutes. Thus, there is a gap of seven and one-half minutes per hour (the “Gap”), which 4Kids typically uses for promotional messages, many of them devoted to upcoming programs or special features in the 4Kids TV block that same morning

or on future Saturdays. Under the Order, those promotional messages – and the full 7 ½ minutes of the Gap – will have to be replaced with different programming that currently does not exist and would have to be tailored to fit the three to four minutes between the end of one program and the beginning of the next.

8. Under the Order, 4Kids would need to produce another thirty minutes of programming for each four hours of television broadcast by 4Kids on 4Kids TV. This would come at a considerable cost, probably in the hundreds of thousands of dollars per week. If 4Kids were to produce thirteen weeks of new material per broadcast season so as to be able to make one original broadcast and three reruns of the new material to fill the Gap, 4Kids would incur millions of dollars in additional production costs per season as a result of the Order.

9. Alternatively, 4Kids could try to lengthen each episode to approximately twenty-five minutes to fill the Gap. The production costs for all thirteen episodes of a series would increase by hundreds of thousands of dollars. If 4Kids broadcasts eight series during the four hour 4Kids TV block, the aggregate cost of the new production that would be required by the Order would be at least several millions dollars.

10. The increased costs of producing and promoting children's programming that result from the Order will be substantial burden to 4Kids whose annual revenues are approximately \$100 Million. In addition, 4Kids would have to "retrofit" its library of children's television episodes to make them run longer than twenty-one minutes, which again would dramatically increase the cost of producing programming for the children's television business.

11. Currently, 4Kids employs over 120 full-time production and support people in the New York City area, as well as hundreds more freelancers across the country. . If 4Kids produces fewer programs, there will be lay-offs at 4Kids among actors, writers, artists, producers, editors, composers, audio engineers, and support staff. In addition, since on-air promotion of our programs will likely disappear given the choice between promotion and reduction in already limited commercial inventory, 4Kids' on-air and promotion departments will be dramatically downsized if not completely eliminated.

12. In summary, promotional announcements and tune-in information are among the few ways that 4Kids can publicize its slate of children's programs to children. 4Kids must promote its non-E/I Programming in order for there to be a reasonable chance that the E/I Programming on the 4Kids TV block will be watched at all. If 4Kids cannot promote non-E/I Programming on 4Kids TV, children are likely to abandon Fox and other Broadcasters and continue to shift their viewing to the Kids Cable Channels (where there is no obligation to offer E/I Programming). The net result of the revised definition of "commercial matter" will be smaller audiences for Broadcasters' children's programs, even smaller audiences for Broadcasters' E/I Programming, and substantially higher costs for producers and broadcasters of children's programs.

13. Given that the Order will adversely affect the business of 4Kids, it is essential that the Commission promptly act on the 4Kids Petition and/or issue a stay or extension of the effective date of the Order until the pending petitions for reconsideration are decided. The 4Kids Petition, and other petitions for reconsideration of the Order now before the Commission, also raise a number of serious issues with respect to the legitimacy and impact of the new definition of "commercial matter" contained in the Order. It would be an unfair

burden for 4Kids to have to incur the substantial costs of compliance with the Order outlined in this Declaration before the Commission takes action on the pending petitions for reconsideration.

Pursuant to Section 1.16 of the Commission's rules, I, Kristen Gray, declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

A handwritten signature in black ink, appearing to read "Kristen Gray", written over a horizontal line.

Executed on September 23, 2005